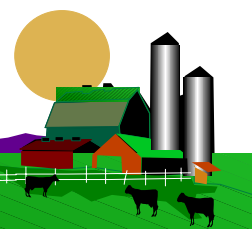


Technical Note – Forest

North Carolina



April 1999

ECONOMIC EVALUATIONS OF THE CONSERVATION RESERVE ENHANCEMENT PROGRAM FOR VARIOUS FORESTRY OPTIONS

Landowners in selected watersheds now have the opportunity to enroll cropland and pasture fields in the Conservation Reserve Enhancement Program (CREP) and receive additional payments in return for granting easements beyond the initial contract period. Decisions by landowners may depend upon objectives such as wildlife enhancement or water quality, but often hinge on what constitutes the best economic return.

The following evaluations are intended to serve as examples only and do not constitute a recommendation for any species or term of easement. They are provided only to assist landowners in making decisions. The species shown were chosen primarily because information on yields is readily available.

Example	Annual Rate of Return (per acre per year - 50 yrs.)
1. Forested stand without harvest – (permanent easement)	\$ 91.63
2. Forested stand without harvest – (30-year easement)	\$ 77.52
3. Bottomland hardwood (oak-gum) – site index <u>90</u> One harvest at age 50	\$ 81.59
4. Loblolly pine – site index <u>80</u> One thinning at age 20 with a final harvest of pulpwood and sawtimber at age 50	\$103.53
5. Loblolly pine – site index <u>80</u> - intensive management Harvest starts at age 20 and continues at 6-year intervals until final cut at age 50	\$112.70
6. Loblolly pine – site index <u>90</u> One thinning at age 18 with a final harvest of pulpwood and sawtimber at age 48	\$114.46

Example 1 includes CRP payments of \$105.00 during years 1-15 and one CREP payment of \$450.00 during the first year for a permanent easement. Examples 2-6 include CRP payments of \$105.00 during years 1-15 and one CREP payment of \$180.00 during the first year for a 30-year easement.

Yields (International ¼-in. rule) were from tables in Section 5 of the Technical Guide. Prices were from Timber Mart South (Third Quarter 1998).

A comparison of the scenarios above allows a landowner to evaluate the effect that forest management has on rates of return. Harvesting restrictions may affect the CREP options selected by a landowner.

Timber management provides increased returns.